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31 May 1987

~~MEMORANDUM~~**SUBJECT: Eilat's Importance to Israel**

1. Eilat is convenient. Because of the Egyptian refusal to permit Israeli ships or cargoes to move through the Suez Canal, Eilat is the port of entry for nearly all of Israel's imported oil and all its trade with countries east of Suez. Israel also bases a small fishing fleet at Eilat.

2. Over three million tons of Iranian crude oil are delivered annually to Eilat to be moved via pipeline to the Haifa refinery. The logical alternative to the use of Eilat for this purpose is to transport oil around Africa directly to Haifa on Israel's Mediterranean coast. This adds about 30 percent to the cost of Israel's crude oil imports and requires the additional expenditure of about \$1 billion per month. Sources of oil other than Iran are limited by political considerations.

3. In addition to these oil deliveries, some \$60 million worth of foreign trade--about evenly divided between imports and exports--moves through Eilat each year. This trade accounts for four percent of the value of Israeli imports and about seven percent of the value of exports. Imports consist of some 50,000 tons of manufactured goods, consumer and raw materials chiefly from Japan, Malaysia, Iran, West Africa and South Africa. Other sources for these imports could be developed, probably at some additional cost. Exports run over 250,000 tons a year, more than half of which is fertilizer of relatively low value. With the exception of the fertilizer, these exports could economically move through Mediterranean ports to other markets.

4. Eilat is a very important symbol to the Israeli nation. Its Biblical connections and its possession by Israel as a port is a highly emotional issue.

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3. The U. N. General Assembly resolution of November 1947 providing for the partition of Palestine recommended that the long southern extension of Palestine to the Gulf of Aqaba should go to Israel, although the region was devoid of Jewish settlers. During the March 1949 armistice negotiations between Israel and Jordan, an Israeli military force in operation "Ta'lit accomplished" seized the former Palestine police post of Um el-Kheiss, which was renamed Kibbutz. The commander of the Israeli force later admitted "assuredly...we violated the truce... It was one of those calculated violations which we had to carefully weigh against political risks."

4. The Egyptians now seem to be re-opening this issue as a further argument to buttress their legal claims regarding the Strait of Tiran.

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
31 May 1967

INTELLIGENCE MEMORANDUM

Arab-Israeli Situation Report
(As of 1630 EDT)

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1. There is no new information to change the conclusions of the Watch Committee meeting of 31 May which indicate that Israeli and Arab forces remain at a high state of readiness but diplomatic initiatives have temporarily delayed a showdown.
2. The Watch Committee report will be presented to the United States Intelligence Board on 1 June.

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